

Exhibit 46

EXHIBIT 42
8/8/18 L. ABATE, CCR, RPR
[Signature]

**Federal Insurance Company
Combined
Combined Statutory Financial Statements
December 31, 2017 and 2016**

**Federal Insurance Company Combined
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December 31, 2017 and 2016**

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**Federal Insurance Company Combined
Notes to Combined Statutory Financial Statements
Years Ended December 31, 2017 and 2016**

(in thousands of dollars, unless otherwise noted)

Private Credit

Private Credit consist of investments in private equity funds targeting privately originated corporate debt investments including senior secured loans and subordinated bonds. The Companies expect these underlying assets to be liquidated over the next 3 to 7 years.

Traditional

Traditional consists of investments in private equity funds employing traditional private equity investment strategies such as buyout and growth equity globally. The Companies expect these underlying assets to be liquidated over the next 3 to 9 years.

Vintage

Vintage consists of investments in private equity funds made before 2002 or where the funds' commitment periods had already expired. The Companies expect these underlying assets to be liquidated over the next 1 to 2 years.

Level 3 Financial Instruments

The following table provides a reconciliation of the beginning and ending balances of invested assets carried at fair value using significant unobservable inputs (Level 3) for the years ended December 31, 2017 and 2016:

	Balance at 01/01/2017	Transfer into (out of) Level 3	Realized gains (losses)	Unrealized gains (losses)	Purchase/Issue/ Sales/Settlements	Balance at 12/31/2017
Special Revenues and Special Assessment Obligations, etc. Non-Guaranteed	\$ 415	\$ -	\$ -	\$ -	\$ (415)	\$ -
Industrial and Miscellaneous	486,576	28,158	2,914	(925)	292,317	809,040
Total Bonds	486,991	28,158	2,914	(925)	291,902	809,040
Preferred Stock	3,186	-	-	703	-	3,889
Common Stock	2,159	-	(191)	179	27	2,174
Total Equity Securities	5,345	-	(191)	882	27	6,063
Total Assets at Fair Value	\$ 492,336	\$ 28,158	\$ 2,723	\$ (43)	\$ 291,929	\$ 815,103

Purchases, issuances, sales and settlements for bonds were \$506,980, \$0, \$(78,973) and \$(136,105), respectively.

Transfers Between Level 2 and Level 3

Transferred \$96,496 from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity for these securities

Transferred \$(68,338) from Level 3 to Level 2 because observable market data became available for these securities

Policies and Disclosures regarding Level 3 Transfers

Transfers between levels are assumed to occur at the end of the period.

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	Balance at 01/01/2016	Transfer into (out of) Level 3	Realized gains (losses)	Unrealized gains (losses)	Purchase/Issue/ Sales/Settlements	Balance at 12/31/2016
Special Revenues and Special Assessment						
Obligations, etc. Non-Guaranteed	\$ 2,232	\$ 1,019	\$ -	\$ (4)	\$ (2,832)	\$ 415
Industrial and Miscellaneous	207,405	(6,828)	(1,100)	36,851	250,248	486,576
Total Bonds	209,637	(5,809)	(1,100)	36,847	247,416	486,991
Preferred Stock	3,186	-	-	-	-	3,186
Common Stock	2,575	1	-	(417)	-	2,159
Total Equity Securities	5,761	1	-	(417)	-	5,345
Total Assets at Fair Value	\$ 215,398	\$ (5,808)	\$ (1,100)	\$ 36,430	\$ 247,416	\$ 492,336

Purchases, issuances, sales and settlements for bonds were \$314,059, \$0, \$(38,267) and \$(28,376), respectively.

Transfers Between Level 2 and Level 3

Transferred \$27,436 from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity.

Transferred \$(33,245) from Level 3 to Level 2 because observable market data became active for these securities.

Policies and Disclosures regarding Level 3 Transfers

Transfers between levels are assumed to occur at the end of the period

In the year ended December 31, 2017, the Companies recognized OTTI on Loan-backed Securities based upon present value of cash flows expected to be less than the amortized cost basis of such securities. The detail by CUSIP number is shown below:

CUSIP	Book Value Prior to Impairment	OTTI	Market Value	Book Value After Impairment
36192PAM8	\$ 25,273	\$ 292	\$ 24,981	\$ 24,981
Total	\$ 25,273	\$ 292	\$ 24,981	\$ 24,981

The Companies' exposure to subprime asset backed securities was \$5.7 million and \$11.6 million at December 31, 2017 and December 31, 2016, respectively. The Companies do not expect any material investment loss from exposure to subprime mortgages.

5. Investment Income and Realized Gains and Losses

The components of net investment income by type of investment for the year ended December 31 were as follows:

	2017	2016
Bonds	\$ 886,057	\$ 888,239
Equity securities	10,584	16,492
Cash and short-term investments	14,118	6,693
Other, net	280,589	23,554
Gross investment income earned	1,191,348	934,978
Less investment expenses	32,735	43,706
Net investment income earned	<u>\$ 1,158,613</u>	<u>\$ 891,272</u>

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Net realized capital gains (losses) on investments for the year ended December 31 were as follows:

	2017	2016
Bonds	\$ 2,777	\$ 50,738
Equity securities	(11,468)	382,531
Investments in subsidiaries and affiliates	3,692,620	1,292,647
Other invested assets	(6,208)	82,593
Other, net	(996)	(392)
Net realized capital gains - pretax	3,676,725	1,808,117
Capital gains tax expense (benefit)	20,350	94,772
Net realized capital gains - after tax	<u>\$ 3,656,375</u>	<u>\$ 1,713,345</u>

During the years ending December 31, 2017 and 2016, proceeds from voluntary sales of investments in bonds were \$3.7 billion and \$3.5 billion, respectively. Such sales resulted in gross realized gains and losses of \$36.5 million and \$31.4 million, respectively, in 2017, and gross realized gains and losses of \$81.1 million and \$42.3 million, respectively, in 2016.

In addition, the Companies recorded OTTI of \$1.3 million and \$2.2 million for the years ended December 31, 2017 and 2016, respectively, related to the Companies' investments in bonds. The Companies recorded OTTI of \$6.2 million and \$0 for the years ended December 31, 2017 and 2016, respectively, related to the Companies' investments in equities. The Companies had realized losses of \$7.6 million and \$55.0 million due to other than temporary declines in the fair value of other invested assets for the years ended December 31, 2017 and 2016, respectively.

The Companies sold, redeemed or otherwise disposed of 227 securities as a result of a callable feature with an aggregate amount of investment income generated as a result of a prepayment penalty and/or acceleration fee of \$7.7 million.

6. Related Parties

Intercompany Pooling and Reinsurance

Two of the Companies participate in a 100% reinsurance agreement with other Companies. Chubb Insurance Company of New Jersey ("Chubb New Jersey") cedes 100% of its business to Federal, and Chubb Lloyds Insurance Company of Texas ("Chubb Lloyds") cedes 100% of its business to Great Northern Insurance Company ("Great Northern").

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The companies listed below are the sole participants in the Federal Pool, which covers substantially all business. Under the provisions of the Federal Pool, each participant company retains a share of its direct and assumed business and cedes the remaining share to the other participant companies. Business is apportioned among the participant companies based upon pre-determined rates of participation, which were as follows during 2017 and 2016:

	Participation Percentage
Federal Insurance Company	68.5 %
Pacific Indemnity Company	17.0 %
Executive Risk Indemnity Company	8.0 %
Great Northern Insurance Company	4.0 %
Executive Risk Specialty Insurance Company	0.5 %
Vigilant Insurance Company	0.5 %
Chubb Custom Insurance Company	0.5 %
Chubb National Insurance Company	0.5 %
Chubb Indemnity Company	0.5 %
Total	<u>100.0 %</u>

TPI was merged with PI effective September 30, 2017, with PI being the surviving entity. Prior to its merger, TPI participated in a 100% quota share reinsurance agreement with PI. The Federal Pool is being terminated effective January 1, 2018, and is being replaced by new Chubb Intercompany Pool and Quota Share reinsurance agreements. See Subsequent Event note for changes to intercompany reinsurance agreements effective January 1, 2018.

Reinsurance purchased for the benefit of the intercompany reinsurance pool is shared proportionately by each participant company. Related reinsurance balances are reported on the balance sheets of the respective companies. The provision for reinsurance is determined for each company individually based on applicable statutory regulations.

Effective January 1, 2016, each participant in the Federal Pool entered into a net liabilities quota share reinsurance agreement with ACE Property and Casualty Insurance Company, an affiliate, to reinsure 20% of the Federal Pool's current accident year results, excluding unallocated loss adjustment expenses ("net liabilities QS agreement"). Effective January 1, 2017, this agreement was amended to reinsure 35% of the Federal Pool's current accident year underwriting results beginning January 1, 2017, and this agreement is being terminated effective January 1, 2018, with development on subject losses continuing to be reinsured. See Subsequent Event note for changes to intercompany reinsurance agreements effective January 1, 2018.

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The Companies recorded the following amounts under the net liabilities QS agreement in 2017 and 2016:

(\$ in millions)	2017	2016
Ceded Written Premiums	\$ 3,806.3	\$ 2,827.9
Ceded Earned Premiums	3,163.8	1,900.0
Ceded Incurred Losses and Loss Expenses	2,096.9	1,100.7
Ceding Commissions	980.8	587.2
Reinsurance Recoverable on Unpaid Losses and Loss Expenses	1,956.5	751.5
Ceded Unearned Premium Reserves	1,574.8	942.5
Reinsurance Recoverable on Paid Losses	336.8	123.7
Ceded Premiums Payable	375.2	295.5

Dividends

During 2017, the Companies paid the following dividends:

On April 26, 2017, Federal paid an extraordinary dividend of \$187.5 million of a subordinated loan to Chubb INAH.

On June 30, 2017, Federal paid an extraordinary dividend of \$900.0 million in cash and cash equivalents to Chubb INAH.

On June 30, 2017, Federal paid a dividend of its interest in Chubb Fianzas Holdings, Inc., valued at \$250 dollars, to Chubb INAH.

On June 30, 2017, Federal paid an extraordinary dividend of its interest in Chubb Fianzas Holdings, Inc., valued at \$5.0 million, to Chubb INAH.

On September 30, 2017, Federal paid an extraordinary dividend of its interest in Chubb Mexico Seguros Holdings, Inc., valued at \$31.8 million to Chubb INAH.

On September 30, 2017, Federal paid a dividend of its interest in Chubb Mexico Seguros Holdings, Inc., valued at \$250 dollars, to Chubb INAH.

On October 1, 2017, Federal paid an extraordinary dividend of its interest in PI, valued at \$3.1 billion, to Chubb INAH.

On October 1, 2017, Federal paid an extraordinary dividend of its interest in ERII, valued at \$1.6 billion, to Chubb INAH.

On December 8, 2017, PI paid an ordinary dividend of \$200.0 million in cash to Chubb INAH.

On December 11, 2017, PI paid an ordinary dividend of \$25.0 million in cash to Chubb INAH.

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On December 13, 2017, Executive Risk Indemnity Inc. ("ERII") paid an ordinary dividend of \$100.0 million in cash to Chubb INAH.

During 2016, the Companies paid the following dividends:

On January 4, 2016, Federal paid a \$1.4 billion extraordinary dividend in cash and cash equivalents to the Chubb Corporation.

On April 1, 2016, Federal paid an extraordinary dividend of its investment in Chubb Insurance Company of Australia Ltd., valued at \$406.9 million, to Chubb INAH.

On April 1, 2016, Federal paid an extraordinary dividend of its investment in Chubb Pacific Underwriting Management Services Pte. Ltd., valued at \$11.1 million, to Chubb INAH.

On June 24, 2016, Federal paid a \$1.0 billion extraordinary dividend in cash and cash equivalents to Chubb INAH.

On October 1, 2016, Federal paid an extraordinary dividend of its investment in CC Canada Holdings Ltd., valued at \$651.7 million, to Chubb INAH.

On November 2, 2016, Federal paid an extraordinary dividend of its investment in Chubb Insurance Investment Holdings Ltd., valued at \$1.0 billion, to Chubb INAH.

On November 2, 2016, Federal paid an extraordinary dividend of its investment in Chubb Insurance Company of Europe SE, valued at \$8 thousand, to Chubb INAH.

On November 17, 2016, Federal paid a \$600 million extraordinary dividend in cash and cash equivalents to Chubb INAH.

Capital Contributions

During 2017, Federal made a capital contribution in cash of \$15 million to an affiliated partnership, Chubb Insurance (China) Company Limited ("Chubb China").

During 2016, Federal made a capital contribution in cash of \$950 thousand to a subsidiary, Chubb de Chile Compania de Seguros Generales, S.A.

During 2016, Federal made a capital contribution in cash of \$16 million to Chubb China.

Related Party Service Agreements

The Companies participate in various cost sharing and service arrangements with its insurance and noninsurance affiliates. The effect of the relationship between the Companies and their affiliates is pervasive throughout the statements.

All of the services provided under the agreements are performed on an expense reimbursement basis. In addition, for those agreements under which services are provided by a U.S. subsidiary to a foreign affiliate, a markup fee is charged, which is generally around 10%.